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INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

Dated as of March 1, 1975

between

CHASE MANHATTAN SERVICE CORPORATION,

and

BURLINGTON NORTHERN INC.

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Attachment to Lease:

SCHEDULE A—Description of Equipment

SCHEDULE B—Casualty Values

LEASE OF RAILROAD EQUIPMENT, dated as of March 1, 1975, between Chase Manhattan Service Corporation (the "Lessor") and Burlington Northern Inc. (the "Lessee").

WHEREAS, the Lessor, Burlington Equipment Company (the "Builder"), Mercantile-Safe Deposit and Trust Company, as Agent (the "Vendor") and the Lessee have entered into a Reconstruction and Conditional Sale Agreement dated as of March 1, 1975, (the "Security Document"), wherein the Vendor has agreed to sell to the Lessor its interest in the railroad equipment described in Schedule A hereto after it has been reconstructed by the Builder;

WHEREAS, the Lessee desires to lease all the units of said equipment, or such lesser number as are delivered and accepted and settled for under the Security Document on or prior to June 30, 1976 (such units described in Schedule A hereto being hereinafter called the "Units"), at the rentals and for the terms and upon the conditions hereinafter provided;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions:

§1. *Net Lease.* This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or under the Security Document or the Finance Agreement or the Hulk Purchase Agreement (each as defined in the Security Agreement), or the Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or the bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§2. *Delivery and Acceptance of Units.* The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the Security Document. Each delivery of a Unit to the Lessor under the Security Document shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Lessor under the Security Document. Upon such delivery, the Lessee will cause an employee of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance (hereinafter called the "Certificate of Acceptance") in accordance with the provisions of Article 2 of the Security Document, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Lessor on the date of such Certificate of Acceptance and is marked in accordance with §5 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

§3. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease, an amount per day (computed on the basis of a 360-day year of twelve 30-day months) for the period, if any, to and including the Closing Date under the Security Document pertaining to such Unit to but not including the earlier of (x) June 30, 1976 or (y) the Closing Date for the final group of Units under the Security Document (said earlier date being hereinafter called the "Cut-Off Date") equal to 0.0278% of the Purchase Price (as defined in the Security Document) of such Unit, payable on the Cut-Off Date. The Lessee further agrees to pay to the Lessor, as rental for each Unit subject to this Lease, 30 consecutive rental payments payable semiannually in arrears commencing on the first semiannual anniversary date of the Cut-Off Date, each of the first eight thereof to be in an amount equal to 3.00% of the Purchase Price of each Unit then subject to this Lease and each of the final 22 thereof to be, in the case of each Unit delivered to and accepted by the Lessee in accordance with §2 hereof on or prior to December 31, 1975, in an amount equal to 7.10% of the Purchase Price of each such Unit then subject to this Lease, and in the case of each Unit delivered to and accepted by the Lessee in accordance with §2 hereof following such date, in an amount equal to 7.415% of the Purchase Price of each such Unit then subject to this Lease.

The rental payments hereinbefore set forth are subject to adjustment as provided in the Finance Agreement. If any of the semiannual rental payment dates referred to above is not a business day the semiannual rental payment otherwise payable on such date shall be payable on the next preceding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York or Baltimore, Maryland are authorized or obligated to remain closed.

The Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease at the principal office of the Vendor, for the account of the Lessor, in care of the Vendor, with instructions to the Vendor first, to apply such payments in accordance with the provisions of the Finance Agreement and the Security Document. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in immediately available funds in the city where such payment is to be made.

§4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder in accordance with the provisions of §2 hereof and, subject to the provisions of §§7, 10 and 13 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to §3 hereof.

It is understood and agreed that the right, title and interest of the Vendor is, by the express terms of the Security Document, subject to the rights and interests hereunder of the Lessee in and to the Units.

§5. Identification Marks. The Lessee will cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "Mercantile-Safe Deposit and Trust Company, Agent, Security Owner" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and Vendor's title to and property in such Unit and the rights of the Lessor under this Lease and of the Vendor under the Security Document. The Lessor may mark each Unit to identify the Lessor's interest in such Unit. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced or destroyed. The Lessee will not change the identifying number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease and the Security Document shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to the effect set forth in subparagraph C of §15 hereof in respect of such statement.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person or entity to be placed on any Unit as a designation that might be interpreted as a claim of ownership; *provided, however*, that the Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates.

§6. *Recording.* The Lessee, at its own expense, will cause this Lease, the Security Document, the Transfer Agreement and any assignment hereof or thereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will undertake the filing, registering, deposit, and recording required of the Lessor under the Security Document and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit, record (and will refile, re-register, redeposit or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units or for the purpose of carrying out the intention of this Lease, the Security Document or the assignment thereof to the Vendor; and the Lessee will promptly furnish to the Vendor and the Lessor evidences of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease and the Security Document shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

§7. *Payment for Casualty Occurrences; Insurance.* In the event that any Unit shall be or become lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or title to such Unit or the use thereof shall be taken or requisitioned by condemnation, eminent domain or otherwise, for a period, in the case of a taking or requisition of use, extending beyond the term of this Lease (each such occurrence, except for any taking or requisition of such use which by its terms is indefinite or which does not extend beyond the term of this Lease, being hereinafter called a "Casualty Occurrence", it being understood that such a taking or requisition of use which is in effect on the last day of the term of this Lease shall constitute a "Casualty Occurrence") during the term of this Lease or before possession of such Unit is delivered to the Lessor as provided in §14 hereof, the Lessee shall promptly and fully notify the Lessor and the Vendor with respect thereto. On the rental payment date next succeeding such notice (or, if the last rental payment date has occurred, on the date 30 days following such notice) the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with Schedule B hereto. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in Schedule B opposite such date.

In the event that during the term of this Lease the use of any Unit is requisitioned or taken by any governmental authority by condemnation, under the power of eminent domain or otherwise under circumstances which do not constitute a Casualty Occurrence, the Lessee's obligation to pay rent shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

Except as hereinabove in this §7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder until possession of such is delivered to the Lessor pursuant to §14 hereof.

The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained property insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by railroad companies in respect of similar equipment, and in any event comparable to those insured against by the Lessee in respect of similar equipment owned by it and the benefits thereof shall be payable to the Vendor, the Lessor and the Lessee, as their interests may appear, so long as the indebtedness, if any, evidenced by the Security Document shall not have been paid in full, and thereafter to the Lessor and the Lessee as their interests may appear. No such policy of insurance shall provide that coverage thereunder shall be rescinded, impaired or invalidated by any act or neglect of the Lessee and the Lessee shall, upon the request of the Lessor (but not more frequently than annually) furnish a certificate of the insurer to such effect. All policies of insurance shall further provide for a thirty-day minimum written cancellation notice to the Vendor and Lessor. Any insurance proceeds as the result of insurance carried by the Lessee or condemnation payments received by the Lessor in respect of Units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this §7. If the Lessor shall receive any such insurance proceeds or condemnation payments after the Lessee shall have made payments pursuant to this §7 without deduction for such insurance proceeds or such condemnation payments, the Lessor shall pay such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee and any balance of such proceeds or condemnation payments shall remain the property of the Lessor. All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

§8. *Reports.* On or before March 31 in each year, commencing with the calendar year 1976, the Lessee will furnish to the Lessor and the Vendor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder and covered by the Security Document, the amount, description and numbers of all Units that have suffered a Casualty Occurrence (identifying in each such case whether such Unit was delivered and accepted hereunder on or prior to December 31, 1975 or following such date) or are then undergoing repairs (other than running repairs) or have been withdrawn from use pending repairs (other than running repairs) during the preceding calendar year and such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request, (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by §5 hereof and the Security Document have been preserved or replaced and (c) stating that all reports required to be made to the Lessor hereunder during the preceding year have been made. The Lessor and the Vendor shall have the right by their respective agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

As soon as available and in any event within 60 days after the end of each quarterly period, the Lessee will furnish to the Lessor, the Vendor and to any party for whom the Vendor is acting as agent under the Security Document who shall so request, a balance sheet of the Lessee (Form CBS as filed with the Interstate Commerce Commission [the "ICC"]) as at the end of such period, and an income statement of the Lessee (Form RE & I filed with the ICC) for the quarterly period ending on the date of such balance sheet, setting forth comparative figures for the corresponding quarter of the preceding fiscal year, all in reasonable detail and certified by the principal accounting officer of the Lessee, and the quarterly report to its stockholders. As soon as available and in any event within 120 days after the end of each fiscal year, the Lessee will furnish to each of said parties the annual report to its stock-

holders (including a statistical supplement thereto) as certified to by its independent certified public accountants and prepared in accordance with generally accepted accounting principals. The Lessee will also furnish to the Lessor, the Vendor and to any party for whom the Vendor is acting as agent under the Security Document, such additional financial information as any such party may reasonably request.

As soon as available and in any event within 120 days after the end of each fiscal year, the Lessee will deliver to the Lessor and the Vendor a certificate signed by any Vice President, the Treasurer or any Assistant Treasurer of the Lessee stating that a review of the activities of the Lessee during such year has been made under his supervision with a view to determining whether the Lessee has kept, observed, performed and fulfilled all of its covenants and obligations under the Lease and the Security Document and that to the best of his knowledge the Lessee during such year has kept, observed, performed and fulfilled each and every covenant and obligation contained herein and in the Security Document and that no Event of Default under this Lease or event of default under the Security Document or event which, with the giving of notice or the passage of time or both, would constitute such an Event of Default or event of default has occurred, or if an Event of Default under this Lease or an event of default under the Security Document shall exist or shall have existed or if an event has occurred which, with the giving of notice or the passage of time or both, would constitute such an Event of Default or an event of default, specifying such Event of Default, event of default or such event and the nature and status thereof.

§9. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance. The Lessor makes no warranty or representation, either express or implied, as to the design or condition of, or as to the quality of the material, equipment or workmanship in, the Units delivered to the Lessee hereunder, and the Lessor makes no warranty of merchantability or fitness of the Units for any particular purpose or as to title to the Units or any component thereof, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder under the provisions of Items 1 and 2 of Annex A to the Security Document. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any Unit, the Lessee will conform therewith at its own expense; *provided, however*, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Vendor, adversely affect the property or rights of the Lessor or the Vendor under this Lease or under the Security Document.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit in good order and repair, ordinary wear and tear excepted.

Any and all additions to any Unit (except additions which are not replacements but have been added to such Unit by the Lessee, the cost of which is not included in the Purchase Price of such Unit and which are not required for the operation or use of such Unit by the Interstate Commerce Commis-

sion, the Department of Transportation or any other applicable regulatory body and which can be removed without damage to and without impairing the originally intended function or use of such Unit and which are so removed without cost or expense to the Lessor), and any and all parts installed on and additions and replacements made to any Unit shall constitute accessions to such Unit and, at the cost and expense of the Lessee, full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the Security Document) shall immediately be vested in the Lessor and the Vendor as their respective interests appear in the Unit itself.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any federal, state or other regulatory authority by reason of the ownership by the Lessor or the Vendor of the Units or the leasing thereof to the Lessee. The Lessee shall furnish to the Lessor with each such report to be filed by the Lessor instructions as to the filing thereof.

§10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being hereinafter sometimes called an Event of Default) shall occur:

A. default shall be made in payment of any part of the rental provided in §3 hereof, and such default shall continue for ten days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants and agreements on the part of the Lessee contained herein or in the Security Document, and such default shall continue for 30 days;

D. a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may hereafter be amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under the Security Document and this Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

E. any other proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder or under the Security Document under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extension (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder or under the Security Document), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue) all the obligations of the Lessee under this Lease and under the Security Document shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case, the Lessor, at its option, may declare this Lease to be in default and at any time thereafter, so long as Lessee shall not have remedied all outstanding Events of Default, Lessor may do

one or more of the following as Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with, any mandatory requirements of, applicable law then in effect:

(a) at any time or from time to time demand that Lessee, and Lessee shall upon the written demand of Lessor, return the Units or any of them (as specified by Lessor) promptly to Lessor in the manner and condition required by, and otherwise in accordance with all of the provisions of, §11 hereof, or Lessor, at its option, may enter into the premises where any Unit or Units are located and take immediate possession of and remove the same by summary proceedings or otherwise, all without liability to Lessor for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise;

(b) at any time or from time to time, sell the Units or any of them at public or private sale, as Lessor may determine, free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such sale or for the proceeds thereof (except to the extent required by paragraph (e) below if Lessor elects to exercise its rights under said paragraph), in which event Lessee's obligation to pay rent hereunder for such Units for rental periods commencing after the date of such sale shall terminate (except to the extent that such rent is to be included in computations under paragraph (d) or paragraph (e) below if Lessor elects to exercise its rights under either of said paragraphs);

(c) at any time or from time to time, hold, keep idle or lease to others the Units or any of them, as Lessor in its sole discretion may determine, free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto, except that Lessee's obligation to pay rent with respect to such Units for rental periods commencing after Lessee shall have been deprived of possession of such Units pursuant to this §15 shall be reduced by the net proceeds, if any, received by Lessor from leasing such Units to any person other than Lessee for the same rental periods or any portion thereof;

(d) whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a), (b) or (c) above with respect to the Units or any of them, Lessor, by written notice to Lessee specifying a payment date which shall be a rent payment date not earlier than 10 days after the date of such notice, may demand that Lessee pay to Lessor and Lessee shall pay to Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the rent for such Units due after the payment date specified in such notice), the rental payment due on such specified payment date plus any unpaid rent for such Units due for any other periods prior to the rental period commencing with the payment date specified in such notice plus whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice (together with interest on such amount at the rate of 11% per annum from the payment date specified in such notice to the date of actual payment): (i) an amount equal to the excess, if any, of the aggregate Casualty Value of such Units, determined as of the payment date specified in such notice, over the Fair Market Rental (determined as hereafter provided) of such Units for the remainder of the then current term after discounting such Fair Market Rental (semiannually on the rent payment dates for the remainder of the term) to present worth as of the payment date specified in such notice at the rate of 5% per annum, or (ii) an amount equal to the excess, if any, of the Casualty Value for such Units, determined as of the payment date specified in such notice, over the Fair Market Value of such Units (determined as hereafter provided) as of the payment date specified in such notice;

(e) if Lessor shall have sold any Units pursuant to paragraph (b) above, Lessor, in lieu of exercising its rights under paragraph (d) above with respect to such Units, may, if it shall so elect, demand that Lessee pay to Lessor and Lessee shall pay to Lessor, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the rent for such Units due for rental periods after the rental period in which such sale occurs), any unpaid rent for such Units due for periods up to and including the rental period in which such sale occurs plus the amount of any deficiency between the net proceeds of such sale and the Casualty Value of such Units, determined as of the rental

date next preceding the date of such sale, together with interest at the rate of 11% per annum on the amount of such deficiency from the rent date as of which such Casualty Value is computed until the date of actual payment; and/or

(f) Lessor may exercise any other right or remedy, either at law or in equity, which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to rescind this Lease as to any or all of the Units.

In addition, Lessee shall be liable, except as otherwise provided above, for any and all unpaid rent due hereunder before or during the exercise of any of the foregoing remedies and for all legal fees and other costs and expenses incurred by reason of the occurrence of any Event or Events of Default or the exercise of Lessor's rights and remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Units in accordance with §11 hereof or in placing such Unit in the condition required by said §11, and in removing or discharging all liens, charges and encumbrances as required by §12 hereof and, without limiting the effect of each and all of the indemnification of the Lessee set forth in Sections 14, 15, 16, 17 and 18 of the Finance Agreement, any and all loss, liability, cost and expense incurred by Lessor by reason of the exercise by the Vendor or any party whose interest is represented by the Vendor or any of them of any of their rights and remedies in connection with the occurrence of an Event or Events of Default.

For the purpose of paragraph (d) above, the "Fair Market Rental" or the "Fair Market Value" of any Unit shall be determined by appraisal as provided in §13 hereof (provided that (i) if Lessee fails to appoint an appraiser for purposes of such appraisal as provided in said §13 within 10 days after Lessor requests such appointment, such appraisal shall be made by an independent appraiser appointed by Lessor, and (ii) the "Fair Market Rental" or the "Fair Market Value" of such Unit shall be zero if Lessor is unable to recover possession of such Unit as provided in paragraph (a) above). At any sale of a Unit pursuant to this section the Lessor, the Vendor or any party whose interest is represented by the Vendor may bid for and purchase such Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies. No express or implied waiver by Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default.

The Lessee also agrees to furnish the Vendee and the Vendor, promptly upon any responsible officer becoming aware of any condition which constitutes an Event of Default under this Lease for which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this paragraph, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

§11. *Return of Units Upon Default.* If this Lease shall terminate pursuant to §10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) place such Units upon such storage tracks of the Lessee as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for rent or storage for a period not exceeding 270 days; and

(c) transport the same to any place on the lines of railroad operated by the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this §11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§12. *Assignment; Possession and Use.* The Lease and all rent and other sums due and to become due hereunder have been assigned to the Vendor pursuant to Article 7 of the Security Document, and all rent and other sums due and to become due hereunder shall be paid by the Lessee to the Vendor as provided in §3 hereof until the Conditional Sale Indebtedness and all interest thereon under the Security Document shall have been paid in full. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of the Vendor in and to the sums payable by the Lessee under any provisions of this Lease shall not be subject to any abatement whatsoever, and shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever whether by reason of or defect in Lessor's title, or any interruption from whatsoever cause (other than from a wrongful act of the Vendor) in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of the Vendor, the Lessee shall be unconditionally and absolutely obligated to pay the Vendor all of the rents and other sums which are the subject matter of the assignment, and (ii) the Vendor shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the Vendor) which by the terms of this Lease are permitted or provided to be exercised by the Lessor; provided that the Vendor may not, without the prior written consent of the Lessor, waive compliance by, or consent or agree to the non-performance by the Lessee of, any of its obligations hereunder. From and after the date on which such assignment shall cease and terminate in accordance with Article 7 of the Security Document, this Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment by the Lessor, and all of the rights of the Lessor hereunder shall inure to the benefit of any such assignee of the Lessor.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease but, without the prior written consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than Lessor's Liens as hereinafter in this paragraph defined) upon or with respect to any Unit, including any accession thereto, or the interest of the Lessor or the Vendor therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the immediately succeeding paragraph. As used herein, the term "Lessor's Liens" shall mean liens, charges, security interests and other encumbrances on or in Equipment securing claims by any party against Lessor or its successors or assigns other than (i) any such encumbrances created by the Security Document, the Transfer Agreement or the Hulk Purchase Agreement or related to the right, title and interest of the Lessor in Equipment, the leasing of Equipment hereunder and any transaction pursuant to any of such documents and (ii) any such encumbrances securing claims which the Lessee or the Builder has warranted against or is obligated to pay, discharge or indemnify the Lessor against hereunder or under the Security Document, the Finance Agreement or the Hulk Purchase Agreement.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, but only upon and subject to all the terms and conditions of this Lease and the Security Document; *provided, however*, that the Lessee shall not assign or permit the assignment of any Unit to service involving the regular operation and maintenance thereof outside the United States of America. The Lessee may receive and retain compensation for such use from other railroads so using any of the Units.

Nothing in this §12 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any solvent railroad corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder and under the Security Document and the Finance Agreement) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition be in default under any provision of this Lease.

§13. Purchase and Renewal Options. Provided that this Lease has not been earlier terminated and that no Event of Default, or event which with the giving of notice or the passage of time or both would constitute an Event of Default, shall have occurred and be continuing, the Lessee may by written notice delivered to the Lessor not less than six months prior to the end of the original or any extended term of this Lease elect to purchase at the end of such term all, but not fewer than all of the Units then covered by this Lease for a purchase price equal to the "Fair Market Value" of such Units as of the end of the term of this Lease.

For purposes of this §13 and §10 hereof, Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than a lessee currently in possession and a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value and the Units

shall be assumed to be in the condition under which they are required to be maintained pursuant to §9 hereof. If on or before four months prior to the expiration of the then current term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value of the Units, such value shall be determined in accordance with the preceding definition by the Appraiser. The term Appraiser shall mean such independent appraiser as the Lessor may select with the approval of the Lessee, or failing such approved selection, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fee of the Appraiser shall be borne by the Lessee.

Upon payment of the purchase price, the Lessor shall upon request of the Lessee execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale (without representations or warranties except that such Units are free and clear of all Lessor's Liens) for such Units and such other documents as may be required to release such Units, from the terms and scope of this Lease and to transfer title thereto to the Lessee or such assignee or nominee, in such form as may reasonably be requested by the Lessee, all at the Lessee's expense.

Provided that this Lease has not been earlier terminated and that no Event of Default, or event which with the passage of time or the giving of notice or both would constitute an Event of Default, shall have occurred and be continuing, the Lessee may, by written notice delivered to the Lessor not less than six months prior to the end of the original or an extended term of this Lease, elect to extend the term of this Lease in respect of all but not fewer than all of the Units then covered by this Lease for not more than three such extended terms at a "Fair Market Rental" payable in semiannual payments on the semiannual anniversaries of the expiration of the original term or the preceding term. The first such extended term shall be for a term of three years, the next such extended term shall be for a term of two years and the final such extended term shall be for a term of one year.

For the purposes of this §13 and §10 hereof, Fair Market Rental shall be determined on the basis of, and shall be equal in amount to the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, cost of removal from the location of current use shall not be a deduction from such rental and the Units shall be assumed to be in the condition under which they are required to be maintained pursuant to §9 hereof. If, on or before four months prior to the expiration of the then current term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such value shall be determined in accordance with the preceding definition by the Appraiser (as defined above). The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fee of the Appraiser shall be borne by the Lessee.

§14. *Return of Units upon Expiration of Term.* As soon as practicable on or after the expiration of the term of this Lease with respect to any Unit not purchased by the Lessee, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks of the Lessee as the Lessor may designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any reasonable place on the lines of railroad operated by the Lessee, or to any connecting carrier for shipment, all as directed by the Lessor, the movement and storage of such Unit to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Unit,

to inspect the same; *provided, however*, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. Each Unit returned to the Lessor pursuant to this §14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction.

§15. *Opinion of Counsel.* On the first Closing Date under Article 3 of the Security Document, the Lessee will deliver to the Lessor ten counterparts of the written opinion of counsel for the Lessee and the Builder, addressed to the Lessor and the Vendor, in scope and substance satisfactory to the Lessor, the Vendor and their respective counsel, to the effect that:

A. the Lessee and the Builder are each corporations legally incorporated, validly existing and in good standing under the laws of their respective states of incorporation with adequate corporate power to own their respective properties and to carry on their respective businesses as now conducted, and to enter into the Security Document, the Hulk Purchase Agreement, the Finance Agreement and this Lease;

B. the Security Document, the Hulk Purchase Agreement, the Finance Agreement and this Lease have been duly authorized, executed and delivered by the Lessee and constitute legal, valid and binding agreements of the Lessee, enforceable in accordance with their respective terms, and the Security Document has been duly authorized, executed and delivered by the Builder and constitutes the legal, valid and binding agreement of the Builder, enforceable in accordance with its terms;

C. the Security Document, the Transfer Agreement referred to in the Security Document and this Lease have been duly filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act and such filing and recordation will protect the Vendor's and the Lessor's interests in and to the Units and no filing, recording or deposit (or giving of notice) with any other federal, state or local government or agency thereof is necessary in order to protect the interests of the Vendor or the Lessor in and to the Units in the United States of America;

D. no approval is required from any public regulatory body with respect to the entering into or performance of the Security Document, the Hulk Purchase Agreement, the Finance Agreement or this Lease;

E. the entering into and performance of the Security Document, the Hulk Purchase Agreement, the Finance Agreement or this Lease will not violate any law or regulation, and will not result in any breach of, or constitute a default under, the Restated Certificate of Incorporation or the Bylaws of the Lessee or the Builder or any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Lessee or the Builder is a party or by which it may be bound; and

F. no mortgage, deed of trust, or other lien of any nature whatsoever which now covers or affects, or which may hereafter cover or affect, any property or interests therein of the Lessee or the Builder, now attaches or hereafter will attach to the Units or in any manner affects or will affect adversely the Vendor's or Lessor's right, title and interest therein; *provided, however*, that such liens may attach to the leasehold interest of the Lessee hereunder in and to the Units.

§16. *Interest on Overdue Rentals.* Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of

the Lessee promptly to pay, to the extent legally enforceable, an amount equal to 11% per annum of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§17. *Notices.* Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first-class certified, addressed as follows:

(a) if to the Lessor, One Chase Manhattan Plaza, New York, New York 10005, attention of Administrative Assistant, and

(b) if to the Lessee, at Burlington Northern Building, 176 East 5th Street, St. Paul, Minnesota 55101, attention of R. C. Burton, Jr.,

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

§18. *Severability; Effect and Modification of Lease.* Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

§19. *Execution.* This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§20. *Law Governing.* The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Minnesota; *provided, however,* that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

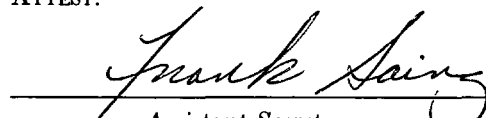
IN WITNESS WHEREOF the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

CHASE MANHATTAN SERVICE CORPORATION

By 
Its Vice President

[CORPORATE SEAL]

ATTEST:


Assistant Secretary
Assistant Treasurer

BURLINGTON NORTHERN INC.

By 
Its Executive Vice President

[CORPORATE SEAL]

ATTEST:


Secretary

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

On this 11 day of March, 1975, before me personally appeared Edward P. Brennan, to me personally known, who, being by me duly sworn, says that he is a Vice President of CHASE MANHATTAN SERVICE CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]

My commission expires:

Cornelia C. Jurey
Notary Public
CORNELIA C. JUREY
NOTARY PUBLIC, State of New York
No. 52-4523733
Qualified in Suffolk County
Certificate Filed in New York County
Commission Expires March 30, 1976

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

On this 11 day of March, 1975, before me personally appeared Frank H. Coyne, to me personally known, who, being by me duly sworn, says that he is Executive Vice President of BURLINGTON NORTHERN INC., that one of the seals affixed to the foregoing instrument is the seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]

My commission expires:

Cornelia C. Jurey
Notary Public
CORNELIA C. JUREY
NOTARY PUBLIC, State of New York
No. 52-4523733
Qualified in Suffolk County
Certificate Filed in New York County
Commission Expires March 30, 1976

**Schedule A
to Lease**

<u>Quantity</u>	<u>Description of Equipment</u>	<u>Lessee's Road Numbers (both inclusive)</u>
100	40' wide door boxcars	BN 199600-199699
100	40' wide door boxcars	BN 190000-190099
200	Open top hopper cars	BN 512400-512599

Schedule B**To Lease**

Cut-Off Date or Number of Semiannual Rent Payment Date on which Casualty Value is Paid	Percentage of Purchase Price
Cut-Off Date	104.99
1	108.52
2	111.82
3	114.87
4	117.72
5	120.35
6	119.01
7	121.24
8	123.30
9	121.06
10	114.72
11	111.80
12	108.53
13	104.96
14	97.44
15	93.50
16	89.37
17	85.06
18	80.58
19	75.91
20	71.09
21	66.12
22	61.01
23	55.75
24	50.36
25	44.85
26	39.20
27	33.42
28	27.50
29	21.44
30 and thereafter	15.00
during any renewal or storage period	